




To the Honorable Council
City of Norfolk, Virginia

June 23, 2015

From: Christine Garczynski, Acting Director of
Finance

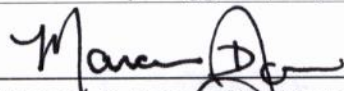
Subject: Authorization to Issue
General Obligation Refunding Bonds
Through June 30, 2016

Reviewed:


Sabrina Joy-Hogg, Deputy City Manager

Ward/Superward: Citywide

Approved:


Marcus D. Jones, City Manager

Item Number:

R-1

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** City of Norfolk

III. **Description**

This agenda item is an ordinance authorizing the sale of up to \$210,000,000 of General Obligation Refunding Bonds to refinance previously issued General Obligation Bonds including draws made under the City's existing Line of Credit with Bank of America, N.A. Actual refunding occurrences will be market driven.

The City and its financial advisor, Public Financial Management, Inc., continually monitor interest rates and analyze existing bond issues for refunding opportunities that meet the goal of generating present value savings in excess of three percent. Periodically, refunding opportunities generate sufficient present value savings for a limited time and it is necessary to be able to act quickly to take advantage of potential interest savings. Additionally, it may be advantageous for the City to refinance draws under the previously authorized Line of Credit used to finance capital costs on an interim basis. Therefore it is recommended that this refunding authorization, of up to \$210 million, based on the City's established refunding criteria, be available through June 30, 2016.

IV. **Analysis**

The ordinance authorizes the City to issue General Obligation Refunding Bonds in an amount not-to-exceed \$210,000,000. Approval of an ordinance authorizing the issuance of General Obligation Refunding Bonds is required for the City to proceed with the bond transaction. However, since this is a refunding of previously issued bonds only, a public hearing is not necessary under the *Code of Virginia*.

V. Financial Impact

The actual amount of refunding bonds issued will be market driven. Despite the uncertainty of the actual timing of the bond issuance, it is necessary Council approve this Ordinance in anticipation of the City entering the market when conditions are favorable. This Ordinance will be effective until June 30, 2016.

VI. Environmental

N/A

VII. Community Outreach/Notification

Public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.

VIII. Board/Commission Action

The Chair and the Vice Chair of the City's Bond Commission have been notified and recommend approval of this refunding authorization and that will be ratified at the next Bond Commission meeting.

IX. Coordination/Outreach

This ordinance has been coordinated with the Department of Finance and the City Attorney's Office.

6/5/15 tsv

Form and Correctness Approved:

By [Signature]
Office of the City Attorney

Contents Approved:

By [Signature]
DEPT.

NORFOLK, VIRGINIA

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

\$ N/A N/A
[Signature] Account
Director of Finance 6/16/15
Date

ORDINANCE No.

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE BY THE CITY OF NORFOLK, VIRGINIA, OF UP TO \$210,000,000 IN GENERAL OBLIGATION REFUNDING BONDS TO REFUND EARLIER BOND ISSUES

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WHEREAS, the Council (the "Council") of the City of Norfolk, Virginia (the "City"), has determined that it is advisable to borrow up to \$210,000,000 and to issue general obligation bonds of the City (the "Refunding Bonds") to provide funds (i) to refund (or refinance, as applicable) certain outstanding general obligation bonds, the Notes, as hereinafter defined, or other obligations of the City (collectively, the "Prior Obligations") and (ii) to pay the costs of issuance related to the issuance and sale of the Refunding Bonds;

WHEREAS, On December 17, 2014, the City issued its General Obligation Capital Improvement Notes (the "Notes"); and

WHEREAS, no public hearing is required on the Refunding Bonds under the Public Finance Act of 1991, Chapter 26

of Title 15.2 of the Code of Virginia of 1950, as amended (the "Virginia Code").

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the Council hereby determines that it is advisable and will benefit the inhabitants of the City through the promotion of their safety, health, welfare and prosperity to contract a debt and to issue and sell the Refunding Bonds in an original aggregate principal amount not to exceed \$210,000,000. The Council hereby authorizes the issuance and sale of the Refunding Bonds in one or more series from time to time in accordance with the terms of this Ordinance. Each series of Refunding Bonds shall be styled "City of Norfolk, Virginia, General Obligation Refunding Bonds," with an appropriate series designation. The proceeds from the issuance and sale of the Refunding Bonds, together with other available funds, shall be used (i) to refund or refinance (in the case of the Notes) all or a portion of the refundable portion of any outstanding Prior Obligations as may be selected by the City Manager of the City (the "City Manager") or the Director of Finance of the City (the "Director of Finance"), subject to the parameters in Section 3 and Section 4 and (ii) to pay the costs of issuance related to the issuance and sale of the Refunding Bonds. The authorization of the issuance and sale of the Refunding Bonds in an original aggregate principal amount not to exceed the amount contained in this Section 1 shall expire on June 30, 2016; provided however, any Refunding Bonds sold before June 30, 2016, pursuant to a "forward" refunding structure as described in Section 14(b) may be issued subsequent to such date.

Section 2:- That the full faith and credit of the City are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the Refunding Bonds. The Council is hereby authorized to and shall levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and

collected, a tax upon all taxable property within the City, over and above all other taxes authorized or limited by law, and without limitation as to rate or amount, sufficient to pay when due the principal of, premium, if any, and interest on the Refunding Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

Section 3:- That approval of refunding and redemption of all or a portion of the Prior Obligations will be as follows:

(a) the Council hereby approves the use of the proceeds of the Refunding Bonds to refund all or a portion of the Prior Obligations;

(b) the Council hereby authorizes and directs the City Manager or the Director of Finance to exercise his or her discretion in selecting the particular Prior Obligations to be refunded (the "Refunded Prior Obligations");

(c) the Council hereby authorizes and directs the City Manager or the Director of Finance to call each of the Refunded Prior Obligations for optional redemption on such dates as may be permissible under the Prior Obligations and, to the extent applicable, the Internal Revenue Code of 1986, as amended (the "Tax Code") with the redemption proceedings, including the giving of redemption notices to the holders of the Refunded Prior Obligations, to be done pursuant to the terms of the Prior Obligations;

(d) the Council hereby authorizes the City Manager or the Director of Finance to execute and deliver one or more Escrow Agreements (individually, and collectively, the "Escrow Agreement") between the City and an escrow agent to be selected by the City Manager or the Director of Finance providing for the irrevocable deposit of the proceeds of the Refunding Bonds and other available funds in an amount sufficient, when invested as set forth in the Escrow Agreement, to provide for the payment of the principal of, premium, if any, and interest on the Refunded Prior Obligations, if such arrangement is necessary or desirable in

connection with refunding any Refunded Prior Obligations; and

(e) each Escrow Agreement shall be dated as of the dated date or delivery date of the applicable series of Refunding Bonds and shall be substantially in the form on file with the Director of Finance, with such completions, changes and deletions as may be consented to by the City Manager or the Director of Finance, whose consent shall be conclusively evidenced by his or her execution and delivery of the Escrow Agreement.

Section 4:- That the Refunding Bonds shall be dated as of a customary date or dates as shall be determined by the City Manager. The Refunding Bonds shall be issued in fully registered form in denominations of \$5,000 each or whole multiples thereof, or such other denominations as the City Manager or the Director of Finance deems advisable. The Refunding Bonds of any series shall be numbered from R-1 upward consecutively or in such other manner as determined by the City Manager. The City Manager, in consultation with the Director of Finance, is hereby authorized and directed to determine the principal amount of the Refunding Bonds, whether the Refunding Bonds bear interest that is includible or excludable from gross income for federal income tax purposes, whether to sell the Refunding Bonds, or any portion thereof, to the public by negotiated sale to the Underwriter, as hereinafter defined, or by competitive bidding, or to a private purchaser by a direct sale, the payment dates for the principal, premium, if any, and interest on the Refunding Bonds and the maturity dates for the Refunding Bonds; provided that:

(a) the original aggregate principal amount of the Refunding Bonds shall not exceed the amount set forth in Section 1;

(b) for any Refunded Prior Obligations (other than the Notes) the aggregate net present value debt service savings as a percentage of the principal amount of such refunded bonds shall be not less than 3.0%;

(c) the final maturity of any series, or portion thereof, of Refunding Bonds issued to refund any Prior Obligations other than the Notes shall not be later than the end of the last fiscal year in which a Refunded Prior Obligation matures;

(d) the true interest cost of any series, or portion thereof, of Refunding Bonds issued to refinance all or a portion of the Notes shall not exceed 5.5% per annum (taking into account any original issue discount or premium); and

(e) the final maturity of any series, or portion thereof, of Refunding Bonds issued to refinance all or a portion of the Notes shall not be later than December 31, 2046.

Section 5:- That the Refunding Bonds shall be issued upon the terms established pursuant to this Ordinance and shall be in substantially the form on file with the Director of Finance, with such appropriate variations, omissions and insertions as are permitted or required by this Ordinance. There may be endorsed on the Refunding Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

Section 6:- That the City Manager and the Director of Finance are hereby authorized and directed to approve such optional redemption provisions with respect to each series of the Refunding Bonds as either may deem advisable, including provisions that preclude any series of the Refunding Bonds from optional redemption.

Section 7:- That, in addition to the requirements for providing a notice of optional redemption to the registered owners of the Refunding Bonds as provided in the form of the Refunding Bonds, the Bond Registrar, who has been appointed as provided in Section 17 and Section 18, shall send further notice of any call for optional redemption by registered or certified mail not less than 30 days nor more than 60 days before the redemption date to the Municipal Securities Rulemaking Board. In preparing

any notice of optional redemption, the Bond Registrar shall take into account, to the extent applicable, the prevailing tax-exempt security industry standards and any regulatory statement of any federal or state administrative body having jurisdiction over the City or the tax-exempt securities industry. Failure to give any notice specified above, or any defect therein, shall not affect the validity of any proceedings for the optional redemption of any Refunding Bonds. Any notice of optional redemption may state that it is conditioned upon there being available on the date fixed for redemption an amount of money sufficient to pay the redemption price plus interest accrued and unpaid to such date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not satisfied.

Section 8:- That the Mayor of the City (the "Mayor") and the City Manager are hereby authorized and directed to execute the Refunding Bonds. The Clerk of the Council (the "Clerk") is hereby authorized and directed to affix the seal of the City to each series of the Refunding Bonds and to attest to the seal. The manner of execution, attestation to and affixation of the seal may be by facsimile; provided, however, that if the signatures of the Mayor, the City Manager and the Clerk are all by facsimile, the Refunding Bonds will not be valid until signed at the foot thereof by the manual signature of the Bond Registrar. The City Manager's approval or determination of the details and provisions of the Refunding Bonds that the City Manager has been authorized or directed to approve under this Ordinance shall be evidenced conclusively by the City Manager's execution and delivery of the Refunding Bonds on the City's behalf.

Section 9:- That the Council hereby directs that the Refunding Bonds that are sold to the public be issued initially in fully registered form by means of a book-entry-only system. One typewritten bond certificate for each maturity of each such series of Refunding Bonds will be registered in the name of The Depository Trust Company, New York, New York or its nominee ("DTC") and immobilized in DTC's custody. The book-entry-only system will evidence beneficial

ownership of the Refunding Bonds in the principal amounts of \$5,000 or whole multiples thereof, or such other denominations as the City Manager or the Director of Finance deems advisable, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Beneficial owners of the Refunding Bonds shall not receive physical delivery of such Refunding Bonds so long as the book-entry-only system remains in effect.

Section 10:- That for so long as DTC is the registered owner of a series of Refunding Bonds, the principal of, premium, if any, and interest on such Refunding Bonds will be payable to DTC in accordance with the City's Letter of Representations to DTC, as it may be amended from time to time. Transfers of principal, premium, if any, and interest payments to participants of DTC will be the responsibility of DTC; transfers of principal, premium, if any, and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. The City will, however, give notices with respect to such Refunding Bonds and otherwise comply with the terms of the City's Letter of Representations to DTC, as it may be amended from time to time.

Section 11:- That replacement Refunding Bonds (the "Replacement Refunding Bonds") shall be issued directly to beneficial owners of the Refunding Bonds that are originally registered to DTC as provided in Section 12 rather than to DTC, but only if:

(a) DTC determines not to continue to act as securities depository for the Refunding Bonds that are originally registered to DTC; or

(b) The City has advised DTC of its determination that it is in the best interest of the beneficial owners of the Refunding Bonds that are originally registered to DTC to discontinue the book-entry-only system of transfer through DTC; and the City cannot locate and engage

another satisfactory qualified securities depository.

Section 12:- That upon the occurrence of the event described in Section 11(a) or Section 11(b) (and the City undertakes no obligation to make any investigation of the matters described in Section 11(b)), the City shall attempt to locate another satisfactory qualified securities depository. If the City fails to locate another satisfactory qualified securities depository to replace DTC, the City shall execute and deliver printed Replacement Refunding Bonds substantially in the form approved above to DTC's participants for redelivery to the beneficial owners of the Refunding Bonds that are originally registered to DTC. The City shall be entitled to rely on the records provided by DTC as to the participants entitled to receive Replacement Refunding Bonds. Principal of, premium, if any, and interest on the Replacement Refunding Bonds shall be payable as provided in the Refunding Bonds and this Ordinance and such Replacement Refunding Bonds will be transferable in accordance with the provisions of Section 19 and the Refunding Bonds.

Section 13:- That the Refunding Bonds may have CUSIP identification numbers printed on them. No such number will constitute a part of the contract evidenced by the Refunding Bond on which it is imprinted and no liability will attach to the City, or any of its officers or agents by reason of such numbers or any use made of them, including any use made by the City and any of its officers or agents, by reason of any inaccuracy, error or omission.

Section 14:- (a) That the Council hereby authorizes the sale of all or any series of the Refunding Bonds to an underwriter or group of underwriters with demonstrated experience in underwriting municipal securities (individually and collectively, the "Underwriter") to be selected by the City Manager or, if the City Manager so elects, by competitive bidding to the bidder with the lowest true interest cost to the City. The City Manager or the Director of Finance is hereby authorized and directed to execute and deliver a Bond Purchase Agreement with the Underwriter, or, if sold by competitive bidding, other appropriate documents with the successful bidder

(the "Bid Documents") providing for the sale and delivery of the Refunding Bonds upon terms and conditions to be approved by the City Manager or the Director of Finance, subject to the parameters set forth in Section 1, Section 3 and Section 4. The approval of the final terms and conditions of the Refunding Bonds sold by negotiated sale shall be evidenced conclusively by the execution and delivery of the Bond Purchase Agreement by the City Manager or the Director of Finance and the Underwriter, or, if sold by competitive bidding, the Bid Documents. The City Manager and the Director of Finance are hereby authorized and directed to deem each preliminary official statement "final" for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule").

(b) That the Council hereby authorizes the sale of all or any series of the Refunding Bonds directly to a purchaser or purchasers to be selected by the City Manager, including in a "forward" refunding structure whereby the City would agree to issue one or more series of Refunding Bonds on or within 90 days before the redemption date of any of the Refunded Bonds. The City Manager and the Director of Finance, or either of them, are hereby authorized and directed to execute and deliver such purchase and loan documents as may be necessary or desirable in connection with the direct sale or sales authorized hereby (the "Purchase Documents"). The approval of the final terms and conditions of any Refunding Bonds sold by direct sale shall be evidenced conclusively by the execution and delivery of the Purchase Documents by the City Manager or the Director of Finance, subject to the parameters set forth in Section 1, Section 3 and Section 4. If any Refunding Bonds are sold by a direct sale, the principal, premium, if any, and interest on such Refunding Bonds may be payable pursuant to payment instructions provided by the purchaser and approved by the City Manager. If any Refunding Bonds are sold pursuant to a direct sale, such Refunding Bonds shall be registered in the name of the purchaser thereof, or, if the City Manager approves of such designee, a designee selected by the purchaser,

and such Refunding Bonds may be delivered to the registered owner.

Section 15:- That the appropriate officers and agents of the City are hereby authorized and directed to execute and deliver simultaneously with the issuance of any series of the Refunding Bonds the interest on which is intended to be excludable from gross income for federal income tax purposes a Non-Arbitrage Certificate and Tax Compliance Agreement setting forth the expected use and investment of the proceeds of the Refunding Bonds and containing such covenants as may be necessary in order to comply with the provisions of the Tax Code, including the provisions of Section 148 of the Tax Code and applicable regulations relating to "arbitrage bonds." The Council hereby agrees on behalf of the City that the proceeds from the issuance and sale of any such series of the Refunding Bonds will be invested and expended as set forth in the City's Non-Arbitrage Certificate and Tax Compliance Agreement and that the City will comply with the other covenants and representations contained in it.

Section 16:- That the City Manager and Director of Finance, or either of them, are hereby authorized and directed to execute and deliver simultaneously with the issuance of any or all series of the Refunding Bonds a Continuing Disclosure Agreement in substantially the form on file with the Director of Finance, setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary in order to comply with the provisions of the Rule with respect to the Refunding Bonds.

Section 17:- That the Council hereby appoints the Director of Finance as the Bond Registrar and Paying Agent for the Refunding Bonds.

Section 18:- That the Council may appoint a subsequent Bond Registrar or one or more Paying Agents, or both, for any Refunding Bonds by subsequent authorization and upon giving written notice to the registered owners of the affected Refunding Bonds that specifies the name and location of the principal office of any such Bond Registrar or Paying Agent.

Section 19:- That upon surrender for transfer or exchange of any Refunding Bond (or any printed bond issued in substitution therefor) at the principal office of the Bond Registrar, the City shall execute and deliver and the Bond Registrar shall authenticate in the name of the registered owner or the transferee or transferees, as appropriate, a new Refunding Bond or Refunding Bonds of any authorized denomination in an aggregate principal amount equal to the Refunding Bond surrendered and of the same series, form and maturity and bearing interest at the same rate as the Refunding Bond surrendered, subject in each case to such reasonable regulations as the Council and the Bond Registrar may prescribe. All Refunding Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Bond Registrar, duly executed by the registered owner or by his or her duly authorized attorney-in-fact or legal representative. No Refunding Bond shall be registered to bearer.

Section 20:- That new Refunding Bonds delivered upon any transfer or exchange shall be valid obligations of the City, evidencing the same debt as the Refunding Bonds surrendered, shall be secured by this Ordinance and entitled to all of the security and benefits hereof to the same extent as the Refunding Bonds surrendered.

Section 21:- That no charge shall be made for any exchange or transfer of Refunding Bonds, but the Bond Registrar may require payment by the person requesting the exchange or transfer of a sum sufficient to cover any tax or other governmental charge which may be imposed with respect to the exchange or transfer of such Refunding Bonds.

Section 22:- That the City Manager, the Director of Finance and such other officers and agents of the City as the City Manager or the Director of Finance may designate, are hereby authorized and directed to take further action as each deems necessary or appropriate regarding the issuance, credit enhancement and sale of the Refunding Bonds and the refunding and redemption of the Refunded Prior Obligations, including, without limitation, (i) the preparation,

execution and delivery of any agreement relative to the tax-exempt status of the Refunding Bonds and the use of the proceeds thereof and other instruments, agreements and documents related to the issuance and sale of any series of the Refunding Bonds, (ii) the purchase of one or more credit enhancements for any series of the Refunding Bonds if market or other conditions so warrant, (iii) the acquisition of supply arrangements relating to the investment of the proceeds of any series of the Refunding Bonds, (iv) the application for CUSIP identification numbers and the execution and delivery of replacement bonds in connection with any partial refunding of Prior Obligations and (v) the selection of a verification agent and escrow agent in connection with any series of Refunding Bonds. All actions taken by officers and agents of the City in connection with the issuance and sale of the Refunding Bonds are hereby ratified and confirmed. The authorizations granted in this Ordinance to the Mayor, the Clerk, the City Manager and the Director of Finance may be carried out by the Vice Mayor, the Chief Deputy or Deputy City Clerk, any Acting, Deputy or Assistant City Manager or any Acting or Assistant Director of Finance, as appropriate, in the absence of the primary officer.

Section 23:- That the officers and agents of the City are hereby authorized and directed to take such further actions as each deems necessary regarding the issuance and sale of the Refunding Bonds and all actions taken by such officers and agents in connection with the issuance and sale of the Refunding Bonds are hereby ratified and confirmed.

Section 24:- That the appropriate officers or agents of the City are hereby authorized and directed to file a certified copy of this Ordinance with the Circuit Court of the City pursuant to Sections 15.2-2607 and 15.2-2627 of the Virginia Code.

Section 25:- That the Council hereby elects pursuant to Section 15.2-2601 of the Virginia Code to issue the Refunding Bonds under the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Virginia Code without regard to the requirements, restrictions or other provisions contained in the Charter of the City.

Section 26:- That this Ordinance shall take effect from and after its adoption.